WRITTEN ANSWERS TO STARRED QUESTIONS

Food Production

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SHRI K. KALAVENKATA RAO:

Will the Minister of AGRICULTURE be pleased to state the steps taken for increasing foodgrains production and gearing up the financial sector for more funds for agriculture?

THE MINISTER OF AGRICULTURE (SHRI NITISH KUMAR): The agriculture development strategy for the Ninth Five Year Plan is essentially based on the policy of food security announced by the Government to double the food production and make India hunger free in ten years. In order to achieve these goals, a regionally differentiated strategy based on agro climatic regional planning which takes into account agronomic, climatic and environmental conditions is being pursued to realize the full potential of growth in every region. The Ministry of Agriculture has been implementing several crop oriented production programmes to achieve the above goals. Twenty seven separate Centrally Sponsored Schemes have been merged into a comprehensive Macro Management Scheme to enhance the productivity of the support programme and accord greater flexibility to State Governments to develop and pursue activities on the basis of regional priorities.

A series of measures have been taken for providing timely and adequate credit to the rural sector. The Government of India and the Reserve Bank of India have been increasing contribution to the capital base of National Bank for Agriculture and Rural Development with the objective of strengthening the same. The efforts of the National Bank are supplemented by scheduled Commercial Banks, Regional Rural Banks, State Cooperative Banks and State Land Development Banks. Out of the target of 40% of net Bank credit of Scheduled Commercial Banks (excluding foreign banks) reserved exclusively for priority sectors, 18% is

earmarked for agriculture. Any shortfall in fulfilling the target is directed to the corpus of the Rural Infrastructure Development Fund (RIDF).

The Rural Infrastructure Development Fund (RIDF) with a corpus of Rs. 2000 crore was constituted in NABARD in April 1995 for advancing loans to State Governments and State Owned Corporations for quick completion of ongoing projects relating to medium & minor irrigation, soil conservation watershed management and other forms of rural infrastructure. RIDF II to V were established between 199&97 to 199^2000 with a corpus of Rs. 11500 crore. The RIDF VI with a corpus of Rs. 4500 crore was announced in the Union Budget for 2000-2001 with a reduction in interest rate by 0.5 per cent. The repayment period for loans under RIDF V & VI has been extended to seven years from five years earlier with scope widened to include lending to Gram Panchyats, Self-Help Groups and other eligible organizations for implementing village level infrastructure projects.

Strengthening of institutional mechanisms has also received attention in recent times and measures have been introduced for reducing transaction cost through Self-Help Group approach and promotion of micro finance. A Micro Finance Development Fund has been created in NABARD with an initial contribution of Rs. 100 crore from the Reserve Banks of India, NABARD and other financial institutions.

Steps have also been taken towards simplification of lending procedures, greater flexibility and discretion to banks in the matter of collateraMnargin of security, disposing with "No Dues Certificate", cash disbursement of loans etc. Extension of cash credit facility for meeting composite credit needs of farmers has also been made. Commercial Banks have been advised by the Reserve Bank of India to open specialized agricultural branches to take care of financing of agricultural projects. Further, the Government have introduced a Kisan Credit Card Scheme to provide timely and adequate credit support to farmers for their cultivation needs.